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ABSTRACT

This publication begins with a message from the President of the United States, George Bush, transmitting to the Congress the "Lifelong Learning Act of 1992." A draft of the proposed legislation to amend the Higher Education Act of 1965 follows. Its key provisions, intended to encourage lifelong learning, are as follows: (1) to extend eligibility for Pell Grants and the three Guaranteed Student Loan programs to students studying less than half time; (2) to authorize the Student Loan Marketing Association to originate loans under a Lifelong Learning Line of Credit for education and job training to be repaid based on the borrower's ability to pay; and (3) to explore the use of high-quality education and training programs offered by nonschool based providers. A section-by-section analysis is also provided of this act that would provide all citizens the flexibility needed to pursue postsecondary education and improve their employment skills, while balancing their current commitments to jobs and families. (YLB)

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102d Congress, 2d Session - - - - - - - - - - House Document 102-330

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PROPOSED LEGISLATION—LIFELONG LEARNING ACT OF 1992

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A DRAFT OF PROPOSED LEGISLATION ENTITLED "LIFELONG LEARNING ACT OF 1992"

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
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MAY 14, 1992.—Message and accompanying papers referred to the Committee on Education and Labor and ordered to be printed

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To the Congress of the United States:

I am pleased to transmit today for your immediate consideration and enactment the "Lifelong Learning Act of 1992." Also transmitted is a section-by-section analysis.

This legislation would provide to all Americans, including working men and women and the unemployed, access to grant and loan help throughout their lives that is not now available. This additional help would make it possible for more Americans to further their education and increase their job skills and productivity.

Enactment of this legislation would help move America forward in achieving National Education Goal Five: "Every adult American will be literate and will possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship."

This legislation would:

Extend eligibility for Pell Grants and the three Guaranteed Student Loan (GSL) programs to students studying less than half-time. Providing grant and loan assistance to individuals taking as little as one course at a time offers American men and women the flexibility they need to improve their employment skills while recognizing their commitments to jobs and families. This program would extend loan eligibility to individuals who are enrolled in non-degree granting education and training programs and who are taking only one course at a time. These individuals have a legitimate need for skill enhancement and training that is not being met under existing loan programs. For example, a working mother in a low-wage job could receive financial assistance for courses that would qualify her for better paying, high-skilled jobs.

Extend new opportunities for education and training to all U.S. citizens. Additional student loan eligibility would be available for full- or part-time students. The Student Loan Marketing Association (Sallie Mae) would be authorized to originate up to $25,000 in loans, in addition to current GSL loan limits, through the Lifelong Learning Line of Credit for those borrowers who want the option of repaying loans on a basis tied to their actual income. The concept of basing student loan repayment on a borrower's future earnings has long been attractive to the Administration and to many in the Congress. However, a program of this type presents unique and complex design issues that demand careful analysis and structuring. This Act would call upon Sallie Mae, a leader in student loan administration, to offer $100 million per year in loans and to work with the Secretary of Education to devise actuarially and fiscally sound loan options that would be widely available.

Explore the use of high-quality education and training programs offered by non-school based providers. The Secretaries of

Education and Labor would be authorized to develop regulations under which students attending programs offered by nontraditional types of providers could be eligible for the Lifelong Learning Line of Credit. Community-based organizations, public or private agencies, and private employers are some examples of the types of providers that might participate. These providers could participate only if the high quality of the programs could be ensured and if these funds do not replace funds already being spent for this training.

I believe that all Americans should have an opportunity to pursue education and training throughout their lives. I look forward to working with the Congress on this legislation and welcome your recommendations on how this legislation can best secure this opportunity for all Americans.

I urge the Congress to give the Lifelong Learning Act of 1992 prompt and favorable consideration.

GEORGE BUSH.

THE WHITE HOUSE, *May 14, 1992.*

A BILL To amend the Higher Education Act of 1965 to encourage lifelong learning by permitting students attending a program of postsecondary education on a less than half-time basis to receive Pell Grants and Guaranteed Student Loans, and authorizing the Student Loan Marketing Association to originate loans to enable students to borrow up to $25,000 under a Lifelong Learning Line of Credit for education and job training that shall be repaid based on the borrower's ability to pay, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Lifelong Learning Act of 1992".

ELIGIBILITY OF LESS THAN HALF-TIME STUDENTS FOR PELL GRANTS

SEC. 111. Section 411(b) of the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*, hereinafter referred to as "the Act") is amended—

(1) in paragraph (2)(B), by inserting after "full-time basis" the first time it appears the following: "(including a student who attends an institution of higher education on a less than half-time basis)"; and

(2) by striking out paragraphs (6) and (7).

ELIGIBILITY OF LESS THAN HALF-TIME STUDENTS FOR LOANS

SEC. 112. (a) FISL PROGRAM.—Section 427 of the Act is amended—

(1) in subsection (a)—

(A) by amending paragraph (1) to read as follows:

"(1) made to a student who (A) is an eligible student under section 484, and (B) has agreed to notify promptly the holder of the loan concerning any change of address; and"; and

(B) in paragraph (2)—

(i) in subparagraph (B)(i), by striking out the semicolon at the end thereof and inserting in lieu thereof "and subsection (d);"; and

(ii) in subparagraph (C), by inserting immediately after the subparagraph designation the following: "subject to subsection (d),"; and

(2) by adding at the end thereof the following new subsection:

"(d) SPECIAL RULE FOR LESS THAN HALF-TIME STUDENTS.—A borrower who is attending an eligible institution on a less than half-time basis (as determined by the institution)—

"(1) shall be required—

"(A) without regard to the borrower's less than half-time attendance, to repay any loan received while attending an eligible institution on at least a half-time basis; and

"(B) to commence repayment of any loan received under this part while attending on a less than half-time basis immediately upon ceasing such attendance; and

"(2) may receive deferments under subsection (a)(2)(C) for a loan received while attending on a less than half-time basis.".

(b) GSL PROGRAMS.—Section 428(b) of the Act is amended—

(1) in paragraph (1)—

(A) in the matter preceding clause (i) of subparagraph (A), by striking "who is carrying at an eligible institution at least one-half the normal full-time academic workload (as determined by the institution)" and inserting "who is enrolled at an eligible institution";

(B) in subparagraph (E)—

(i) by inserting immediately after "subject to" the following: "paragraph (7), and"; and

(ii) by inserting a comma immediately after "this paragraph" the first place it appears; and

(C) in subparagraph (M), by inserting immediately after the subparagraph designation the following: "except as provided in paragraph (7),"; and

(2) by adding at the end thereof the following new paragraph:

"(7) SPECIAL RULE FOR LESS THAN HALF-TIME STUDENTS.—A borrower who is attending an eligible institution on a less than half-time basis (as determined by the institution)—

"(A) shall be required—

"(i) without regard to the borrower's less than half-time attendance, to repay any loan received while attending an eligible institution on at least a half-time basis; and

"(ii) to commence repayment of any loan received under this part while attending on a less than half-time basis immediately upon ceasing such attendance; and

"(B) may receive deferments under paragraph (1)(M) for a loan received while attending on a less than half-time basis.".

STUDENT LOAN MARKETING ASSOCIATION AMENDMENTS

SEC. 113. LIFELONG LEARNING LINE OF CREDIT.—Section 439 of the Act is amended—

(1) in subsection (a)—

(A) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(B) by inserting immediately after paragraph (1) the following: "(2) through such corporation, to enable postsecondary students, including working men and women desiring to upgrade their job skills, and unemployed individuals, or those not in the labor force, who are seeking new skills, to borrow funds as described in subsection (r);"

(2) in subsection (d)(1)—

(A) in subparagraph (D), by striking out "and" at the end thereof;

(B) by redesignating subparagraph (E) as subparagraph (F); and

(C) by inserting immediately after subparagraph (D) the following:

"(E) to issue obligations to carry out the purposes of subsection (r), in the amount specified therein; and"; and

(3) by adding at the end thereof the following new subsection:

"(r) LIFELONG LEARNING LINE OF CREDIT.—(1) ORIGINATION OF LOANS.—In order to enhance the lifetime education and training opportunities available to all Americans, including working men and women desiring to upgrade their job skills, or unemployed individuals, or those not in the labor force, who are seeking new skills, the Association is authorized to originate loans for students who are enrolled at eligible institutions (including those students who are enrolled on a less than half-time basis), as part of a line of credit under the terms and conditions described in this subsection. For purposes of this subsection, the Association may, with the approval of the Secretary of the Treasury, issue obligations in an amount not to exceed $100,000,000 for fiscal year 1993 and each succeeding fiscal year. Additional obligations may be issued, subject to such approval, if needed to satisfy the demand for Lifelong Learning Loans. Such obligations shall have such maturities, and bear such rates of interest, as may be determined by the Association.

"(2) LOAN LIMITS.—A student who is enrolled at an eligible institution, and the parents of a dependent student so enrolled, may borrow up to $25,000 in the aggregate. Such aggregate shall apply to the sum of all loans made under this subsection to a student and to a parent for the benefit of such student. In no case may loans made under this subsection for a period of enrollment exceed the student's cost of attendance for such period of enrollment.

"(3) LOAN TERMS AND REPAYMENT.—(A) The Secretary shall negotiate an agreement with the Association specifying the terms of loans originated under this subsection, which shall include the establishment of income-contingent repayment schedules satisfactory to the Secretary and the Association for such loans. Such agreements shall also specify the maximum interest rate that the Association may charge, and such other terms as may be required to accomplish the purposes of this subsection.

"(B) The Secretary may establish in regulations the procedures necessary for the efficient collection of loans made under this subsection. Notwithstanding any other provision of law, the Secretary may enter into such arrangements with other Federal agencies as the Secretary determines are necessary to support the efficient administration of the program by the Association.

"(4) ELIGIBLE PROVIDERS OF TRAINING.—The Secretary, in consultation with the Secretary of Labor, may specify in regulations such other types of providers of training not currently eligible to participate in programs under this part, such as community-based organizations, public or private agencies, and private sector employers, that, along with other institutions, may be considered eligible for participation for purposes of loans made under this subsection, provided that the Secretary determines that adequate controls on program integrity and accountability can be maintained, and that par-

ticipation would supplement, and not supplant, current expenditures for training by such providers.

"(5) OTHER TERMS AND CONDITIONS.—The Secretary, in consultation with the Association, may establish in regulations such other terms and conditions for loans under this subsection as are consistent with the purposes of this subsection.".

STUDENT ELIGIBILITY

SEC. 114. Section 484(b) of the Act is amended by adding at the end thereof the following new paragraph:

"(5) Notwithstanding subsection 9a), in order to be eligible to receive a loan under part B of this title (other than a loan under section 428C) a student who is enrolled at an eligible institution on a less than half-time basis (as determined by the institution) shall be—

"(A) enrolled in a program of study leading to a degree or certificate; or

"(B) enrolled in training designed to prepare students for gainful employment in a recognized occupation.".

FEASIBILITY STUDY

SEC. 115. (a) Notwithstanding any other provision of law, the Secretary, in consultation with the Secretary of Labor, shall examine the feasibility of using advanced automated technology to integrate the multiple data systems relating to the benefits available to students under Federal postsecondary education and training programs.

(b) The Secretary of Education shall report his findings to Congress within one year of the date of enactment of this act.

(c) There are authorized to be appropriated $1,000,000 to carry out the study authorized by this section.

PROVISION TO ENSURE BUDGET NEUTRALITY; INDEPENDENT STUDENT DEFINITION

SEC. 116. Section 480(d) of the Act is amended to read as follows:

"(d) INDEPENDENT STUDENT.—(1) The term 'independent,' when used with respect to a student, means any individual who—

"(A) is 26 years of age or older by December 31 of the award year; or

"(B) meets the requirements of paragraph (2).

"(2) Except as provided in paragraph (3), an individual meets the requirements of this paragraph if such individual—

"(A) is an orphan or ward of the court;

"(B) is a veteran of the Armed Forces of the United States;

"(C) is a graduate or professional student;

"(D) is a married individual;

"(E) has legal dependents other than a spouse;

"(F) is a single undergraduate student with no dependents who—

"(i) did not live with his or her parents for more than six weeks in the aggregate during the calendar year preceding the award year;

"(ii) declares that he or she will not live with his or her parents for more than six weeks in the aggregate during the first calendar year of the award year; and

"(iii) prior to the disbursal of assistance under this title, demonstrates to the student financial aid administrator self-sufficiency during each of the two calendar years preceding the award year by demonstrating annual total income (excluding resources from parents, student financial assistance, and living allowances from programs established under the National and Community Service Act of 1990) that is equal to or exceeds the amount specified in the Department of Labor's Lower Living Standard Income Level applicable to each of such two calendar years, adjusted for a family size of one; or

"(G) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

"(3) A student financial aid administrator may, in unusual circumstances, determine that an individual who meets the requirements of paragraphs (1) and (2) is a dependent student, provided that such determination is documented.".

EFFECTIVE DATES

SEC. 117. (a) The amendments made by section 111 shall be effective for award year 1993–1994 and succeeding award years.

(b) The amendments made by section 112 shall be effective for loans made in accordance with section 427 or 428 for periods of instruction beginning on or after October 1, 1992, and for loans made in accordance with section 428A on or after October 1, 1992.

(c) The amendments made by sections 113 and 115 shall be effective on enactment.

(d) The amendments made by sections 114 and 116 shall be effective for academic years beginning on or after July 1, 1993.

THE LIFELONG LEARNING ACT OF 1992

SECTION-BY-SECTION ANALYSIS

The "Lifelong Learning Act of 1992" would provide all Americans the flexibility they need to pursue postsecondary education and improve their employment skills, while balancing their current commitments to jobs and families.

Section 111

Section 111 of the bill would amend section 411(b) of the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*, hereinafter referred to as "the Act") to eliminate restrictions in current law regarding the eligibility of less than half-time students for Pell Grants.

Section 112

Section 112 of the bill would amend sections 427 and 428(b) of the Act to extend eligibility for Stafford, SLS, and PLUS Loans to less than half-time students (and their parents, in the case of PLUS Loans), and to specify special rules regarding deferments and the beginning of the repayment period for these students so that these provisions would not be prone to abuse by individuals merely seeking to delay indefinitely the repayment of student loans borrowed for half-time or full-time study.

Section 113

Section 113 of the bill would authorize the Student Loan Marketing Association ("Sallie Mae") to originate loans to enable students and their parents to borrow up to $25,000 or part of a line of credit for education and job training that would be repaid based on a schedule that takes into account the borrower's ability to pay. Amounts borrowed under the line of credit could not exceed the student's cost of attendance.

The Secretary of Education would negotiate an agreement with Sallie Mae specifying the terms for amounts borrowed under the line of credit, and would be authorized to establish by regulation the procedures necessary for the efficient collection of these amounts, including, as necessary to support the efficient administration of the program, arrangements with other Federal agencies.

The Secretary of Education, in consultation with the Secretary of Labor, would also be authorized to permit, through regulations, the participation of a broader variety of providers of training under the Lifelong Learning Line of Credit than are currently eligible to participate under the Act, such as community-based organizations, public or private agencies, and private sector employers. Before permitting such as expansion of providers, the Secretary of Education would be required to determine that adequate controls on program integrity and accountability can be maintained, and that par-

ticipation would supplement, and not supplant, current expenditures for training by such providers. The same procedures used to ensure that Higher Education Act participation is limited to schools that provide education or training of sufficient quality, such as the provisions of the "Job Training 2000 Act," which the President transmitted on April 28, 1992, would apply to these providers.

Section 114

Section 114 of the bill would amend section 484(b) of the Act to permit a student who is enrolled on a less than half-time basis to receive a Stafford or SLS Loan, or loans under the Lifelong Learning Line of Credit, if he or she is enrolled in a program of study leading to a degree or certificate or enrolled in training designed to prepare students for gainful employment in a recognized occupation.

Section 115

Section 115 of the bill would require the Secretary of Education to examine the feasibility of applying advanced automated technology to integrate the data systems relating to Federal postsecondary education and vocational training programs, and would authorize $1 million for this purpose.

Section 116

Section 116 of the bill would amend section 480(d) of the Act to modify the definition of an "independent student." These amendments are necessary to ensure budget neutrality under the 1990 Budget Agreement's Pay-As-You-Go requirements.

Under current law, a student is considered to be independent if he or she is 24 years of age or older by December 31 of the award year; is an orphan or ward of the court; is a veteran; is a graduate or professional student, or is married, and declares that he or she will not be claimed as a dependent for income tax purposes by his or her parents during the first calendar year of the award year; has legal dependents other than a spouse; is a single undergraduate student who was not claimed as a dependent for income tax purposes by his or her parents for the two calendar years preceding the award year and demonstrates total self-sufficiency by showing annual total resources (excluding resources from parents and student financial assistance and living allowances from programs established under the National and Community Service Act of 1990) of $4,000; or is a student for whom a student financial aid administrator makes a documented determination of independence due to unusual circumstances.

Section 116 of the bill would alter this definition by increasing the age at which a student would be automatically considered to be independent to age 26, and would eliminate the difficult-to-verify declaration required of graduate, professional, and married students (as well as make conforming changes to the definition due to this change by eliminating paragraphs (3) and (4) of section 480(d)). In addition, this amendment would require that a single undergraduate student with no dependents not living with his or her parents for more than six weeks during the calendar year preced-

ing the award year, declare that he or she will not live with his or her parents during the first calendar year of the award year for a similar period, and show his or her self-sufficiency during each of the two calendar years preceding the award year by demonstrating annual total income (excluding resources from parents and student financial assistance and living allowances from programs established under the National and Community Service Act of 1990) of at least an annually adjusted amount.

Increasing the age at which a student would be automatically considered to be independent to age 26 would significantly reduce the number of students receiving artificially reduced expected family contributions despite their true dependency status, and is consistent with the Administration's position that the student *and* his or her parents should shoulder the primary responsibility for financing the student's postsecondary education. Eliminating the declaration regarding parental tax information currently required of graduate, professional, and married students recognizes that the tax returns necessary to verify this declaration are not available in sufficient time to permit any meaningful verification of this declaration. In addition, the current requirements for a single undergraduate student to establish independent student status by demonstrating that he or she has a certain minimum level of "resources" are too generous, because such resources could include student financial aid, and are set at an insufficient level to allow a student to be truly self-supporting.

A student financial aid administrator would also be authorized to make a documented determination that, in unusual circumstances, an individual who meets the statutory definition of an independent student is in fact dependent. This is consistent with the aid administrator's authority in current law to make a documented determination that a student is independent in unusual circumstances, even though the student does not meet the statutory definition.

PAY-AS-YOU-GO REQUIREMENT

The effect of this draft bill on the deficit is:

Outlays

Fiscal year:	*Millions*
1992	0
1993	−$33
1994	−85
1995	−105
1996	−108
1997	−111
1992-97	−442

The Omnibus Budget Reconciliation Act of 1990 (OBRA) requires that all revenue and direct spending legislation meet a pay-as-you-go requirement. That is, no such bill should result in an increase in the deficit; and if it does, it will trigger a sequester if not fully offset. The Lifelong Learning Act of 1992 would decrease direct spending. Considered alone, it meets the pay-as-you-go requirements of OBRA.

However, the President's FY 1993 Budget includes several proposals that are subject to the pay-as-you-go requirements. Although in total these proposals would reduce the deficit, some individual

proposals increase the deficit. Therefore, this bill should be considered in conjunction with the other proposals in the FY 1993 Budget.

Section 117

Section 117 sets out the effective dates for the bill.

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